

BEFORE THE
TENNESSEE STATE BOARD OF EQUALIZATION

<i>In Re:</i>	Ralph Armes) District 13, Map 91C, Group A, Control Map 91C,) Parcel 8) Tax year 2006)	Montgomery County
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INITIAL DECISION AND ORDER

Statement of the Case

The Montgomery County Board of Equalization has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$12,400	\$8,000	\$20,400	\$5,100

On July 31, 2006, the property owners filed an appeal with the State Board of Equalization ("State Board").

The undersigned administrative judge, substituting for Administrative Judge Andrei Ellen Lee, conducted a hearing of this matter on December 21, 2006 in Clarksville. The appellant, Ralph Armes, represented himself at the hearing. Montgomery County Assessor of Property Ronnie Boyd was assisted by Deputy Assessor Roy Manners.

Findings of Fact and Conclusions of Law

The property in question is a single-family residence located at 1789 Church Road in Clarksville. Built in the early 1950s, this 725-square-foot house is in relatively poor shape due to termite damage, settling, and disintegration of the siding.¹ An electric power line runs along the front of the 0.87-acre lot, the northeast portion of which is fairly steep.

Mr. Armes testified that it was his intention to demolish the old house and offer the cleared land for sale. But a prospective buyer of this lot, he stressed, could not be assured of obtaining the variance required to build a new home as close to the roadway as the existing improvement.² In his opinion, the subject property in its present state was only worth about \$14,000.

Deputy Assessor Manners maintained that the disputed appraisal took the below-average quality and condition of the appellant's house into account. Of the three comparables listed in his market data grid, he placed most weight on the sale of 2891 North Hinton Road in August, 2005 for an adjusted price of \$20,953.

¹The official property record card reflects that a 75% depreciation allowance has been granted on the subject house.

²The existing improvement is exempt from the setback requirement in the current zoning regulations by virtue of a grandfather clause.

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that “[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values....”

As the party seeking to change the present valuation of the subject property, the appellant has the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

Even without any independent repair estimates, the photographs and other materials in the record strongly support Mr. Armes’ claim that the cost to cure the aforementioned physical deterioration would exceed the current appraisal of the subject improvement. It does not follow, however, that such appraisal is inaccurate. In the cost approach to valuation of property, the total amount of accrued depreciation must be deducted from the estimated replacement (or reproduction) cost new – *not* the appraised value – of the improvement.

Likewise, the mere showing that the subject lot is burdened by a utility easement does not justify a reduction of the present land value. Standing alone, such proof only begs the question of whether the Assessor’s value already reflects the negative impact of that encumbrance.

For these reasons, the value determined by the county board of equalization must be affirmed.

Order

It is, therefore, ORDERED that the following values be adopted for tax year 2006:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$12,400	\$8,000	\$20,400	\$5,100

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or

2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 2nd day of February, 2007.

Pete Loesch

PETE LOESCH
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

cc: Ralph Armes
Ronnie D. Boyd, Montgomery County Assessor of Property

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